

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF OHIO  
EDISON COMPANY, THE CLEVELAND  
ELECTRIC ILLUMINATING COMPANY, AND  
THE TOLEDO EDISON COMPANY'S  
COMPLIANCE WITH R.C. 4928.17 AND  
OHIO ADM.CODE CHAPTER 4901:1-37.

CASE No. 17-974-EL-UNC

### ENTRY

Entered in the Journal on February 9, 2018

{¶ 1} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are electric distribution utilities, as defined by R.C. 4928.01(A)(6), and public utilities, as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.

{¶ 2} On December 12, 2012, the Commission issued an Entry initiating an investigation into the health, strength, and vitality of Ohio's competitive retail electric service (CRES) market. *In re the Commission's Investigation of Ohio's Retail Electric Service Market*, Case No. 12-3151-EL-COI (*CRES Market Investigation Case*). The investigation was intended to establish actions that the Commission can take to enhance the health, strength, and vitality of the CRES market. In the Entry initiating the investigation, the Commission presented a series of questions to stakeholders regarding market design and corporate separation as they impact the CRES market.

{¶ 3} On March 26, 2014, the Commission issued its Finding and Order in the *CRES Market Investigation Case*, adopting, in part, Staff's recommendations, with modifications. The Commission, in adopting one such recommendation, directed that each of the Ohio electric distribution utilities would be subject to an audit to ensure their compliance with R.C. 4928.17 and the Commission's corporate separation rules, as enumerated in Ohio Adm.Code Chapter 4901:1-37, as well as to further Ohio's policies pursuant to R.C. 4928.02. *CRES Market Investigation Case*, Finding and Order (Mar. 26, 2014) at 16-17. According to Staff's

recommended audit schedule, FirstEnergy will be the first electric distribution utility to undergo the prescribed audit.

{¶ 4} To assist the Commission with the review of FirstEnergy's compliance with the corporate separation rules set forth in Ohio Adm.Code Chapter 4901:1-37, the Commission directed Staff to issue a request for proposal (RFP) for audit services. On July 5, 2017, the Commission issued an Entry selecting Sage Management Consultants, LLC (Sage) to conduct the requested audit services, in accordance with the terms set forth in the RFP. Pursuant to the terms of the RFP, a draft audit report was to be submitted by February 28, 2018, with the final audit report due on March 14, 2018.

{¶ 5} On January 29, 2018, Staff filed a motion for an extension of time, noting that Sage has indicated it will require additional time to complete the reports. Staff proposes that the draft report be due on April 6, 2018, with the final audit report due on April 20, 2018.

{¶ 6} Thereafter, on January 31, 2018, FirstEnergy filed a memorandum contra Staff's motion for an extension of time, noting that Staff did not provide a sufficient justification for the requested extension. Furthermore, the Companies also state they have fully cooperated with the auditors during the audit period and have responded to almost 300 data requests and made almost 80 individuals available for requested interviews. Finally, FirstEnergy notes that it has other contemporaneous audits occurring and they all require some of the same resources being utilized for this audit. Thus, FirstEnergy requests that the Commission deny Staff's motion.

{¶ 7} Upon review, the attorney examiner finds that good cause exists to grant the motion for an extension of the filing deadline for the final report. The July 5, 2017 Entry specifically stated that the Commission reserved the right to amend any deadlines noted in the RFP by subsequent entry. Moreover, the RFP itself includes language that indicates the project timeline contained therein may be subject to change. As a final matter, the attorney examiner notes that FirstEnergy is the first electric distribution utility to undergo this audit and, thus, unforeseen delays, given the complex nature of the audit, are to be expected throughout this

process. It is not uncommon to extend the audit period upon the auditor's request for more time. *In re FirstEnergy*, Case No. 11-5201-EL-RDR, Entry (May 1, 2012); *In re Duke Energy Ohio, Inc.*, Case No. 10-2326-GE-RDR, Entry (Apr. 18, 2011). In order to provide Sage sufficient time to thoroughly consider the vast amount of information cited by FirstEnergy and develop the necessary reports for the Commission's consideration, the attorney examiner finds that the amended dates suggested by Staff are reasonable and Staff's motion should be granted. Accordingly, the draft audit report and the final audit report shall be due by April 6, 2018, and April 20, 2018, respectively.

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That Staff's motion for an extension be granted. It is, further,

{¶ 10} ORDERED, That the deadlines for the draft and final audit reports be amended, in accordance with Paragraph 7. It is, further,

{¶ 11} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Megan J. Addison

By: Megan J. Addison  
Attorney Examiner

JRJ/mef

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Summary: Attorney Examiner Entry granting motion for extension of filing deadline pertaining to draft and final audit reports. electronically filed by Ms. Mary E Fischer on behalf of Megan J. Addison, Attorney Examiner, Public Utilities Commission of Ohio